

Taylor County  
Rural Electric Cooperative  
Corporation

P. O. BOX 100

CAMPBELLSVILLE, KENTUCKY 42719

(270) 465-4101 • Fax (270) 789-3625

RECEIVED

JUN 13 2006

PUBLIC SERVICE  
COMMISSION

June 12, 2006

Hon. Beth O'Donnell, Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

Case No. 2006-00286

Dear Hon. O'Donnell:

Enclosed are an original and ten copies of an Application for Certificate of Public Convenience and Necessity. Also enclosed is a 12<sup>th</sup> application please date stamp, assign Case No. and return to me.

Sincerely,

TAYLOR COUNTY RURAL ELECTRIC  
COOPERATIVE CORPORATION

  
John F. Patterson, Office Manager

JFP:pwr

Enc

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**  
JUN 13 2006  
PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

APPLICATION OF TAYLOR COUNTY RURAL )  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 2006-00286  
FOR CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY )

**APPLICATION FOR CERTIFICATION OF WORK PLAN**

Taylor County Rural Electric Cooperative Corporation, hereinafter called the Applicant, by counsel, respectfully advises the Commission that.

1. The Applicant is Taylor County Rural Electric Cooperative Corporation whose post office address is P.O. Box 100, Campbellsville, Kentucky 42719, and whose Articles of Incorporation, as amended, together with territorial maps showing the area which it serves, are now on file with this Commission, said Articles of Incorporation and amendments thereto have been filed as recently as in Case No. 92-080, that case involving the application of Taylor County RECC for an adjustment of its tariff schedule.

2. That Applicant has adopted a proposed three-year work plan to be undertaken and completed during the period of May 1, 2006, thru April 30, 2009, which work plan requires significant capital outlays which do or may materially affect the existing financial condition of Applicant, and the financing of which work plan will or may materially affect the existing financial condition of Applicant, and the financing of which work plan will or may ultimately result in increased charges to Applicant's customers.

Accordingly, Applicant seeks certification, consistent with 807 KAR 5:001 (9)(2) to

undertake and complete the subject work plan, same having been prepared by Applicant's consulting engineers and a true copy of that work plan being filed herewith as collective Exhibit A.

3. That the subject work plan consists primarily of ordinary replacement, refurbishing, and upgrading of existing facilities in order that Applicant may continue to provide within its service area for the safe and delivery of electric power to its some 24,265 member-consumers as well as its anticipated new consumers. Such construction as is thus contemplated by the work plan is not undertaken with the intention of seeking to engage in competition with other public utilities, but rather for the purpose of maintaining and upgrading its level of service to its existing customers and to those prospective customers who will apply for service by reason of their location within this Applicant's primary service area. Included within the subject work plan is the initiation and installation of what will ultimately become an automated meter reading system which will greatly enhance the efficacy of Applicant's operations.

4. Those activities proposed under the three-year work plan for which approval is sought herein will not require additional franchise agreements to be entered into between Taylor County RECC and any other entity. To the extent that such work plan includes the replacement, repair, or modification of any of the Applicant's facilities within the City of Greensburg, Kentucky, then that will be accomplished consistent with an existing franchise agreement between Taylor County RECC and the City of Greensburg, Taylor County RECC having been authorized by this Commission to seek and bid upon such franchise within that City by Order of March 14, 1989, entered in Case No. 89-052 before this Commission.

5. To the extent that the proposed work plan contemplates the extension of the Applicant's facilities for the purpose of serving anticipated new customers, it is often necessary that the Applicant locate a pole or some other portion of its facilities within the highway right-of-way, and that activity necessarily entails the procural of any encroachment permit from the Transportation Cabinet of the Commonwealth of Kentucky. However, such permits are routinely granted as a perfunctory matter if and when application for same is made.

6. The subject work plan, Exhibit A, incorporates therein, as Map 1, a depiction of the Applicant's existing facilities; and, as Map 2 the depiction of the Applicant's facilities as they will exist and appear at the time of completion of the subject work plan.

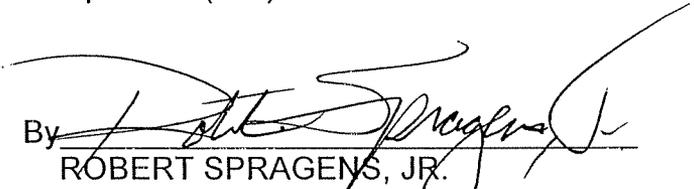
7. The subject three-year work plan does not provide for the construction of any specific buildings or installations not already in existence, and with respect to which a specific projected cost of operation might be assigned. Rather, that work plan entails the general upgrading and maintenance of Applicant's distribution facilities, together with extensions of those line and facilities where indicated. Applicant thus attaches hereto a document entitled "Exhibit C" which sets forth its calculation as to the probable comparative costs of operating its system before and after completion of the subject work plan.

8. The estimated cost of the work plan is \$14,641,618.00, such total being set forth separately in Exhibit B filed herewith, that separate Exhibit making up a part of the work plan itself. Financing for this work plan will be made by an application to the Rural Utilities Service (RUS) for a loan guaranteed by the Federal Financing Bank. The

application for such Federal Financing Bank loan will be advanced in 2007 so as to coincide with the subject work plan.

WHEREFORE, Applicant requests of this Commission authority, in the form of a certificate of public convenience and necessity, to carry out and complete the subject three-year work plan, and all proper and appropriate Orders in the premises.

SPRAGENS, HIGDON & FOWLER, P.S.C.  
Attorneys at Law  
15 Court Square - P. O. Box 681  
Lebanon, (270) 692-3141  
Telephone: (270) 692-3141

By   
ROBERT SPRAGENS, JR.  
Counsel for Taylor County Rural  
Electric Cooperative Corporation

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

EXHIBIT A

The May 1, 2006 - April 30, 2009 Work Plan prepared by Patterson & Dewar Engineers, 850 Center Way, Norcross, Ga. 30071 is filed as Exhibit A of this application under separate cover.

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
Kentucky 23 Taylor  
Campbellsville, Kentucky

2006-2008 CONSTRUCTION WORK PLAN

Cost Estimate Breakdown For Loan Application and Financial Forecast  
(RUS Form 740c Format)

1. DISTRIBUTION

a. 740c Ref. Code 100: New Line (Excluding Tie-Lines)						Cost Year A 2006	Cost Year B 2007	Cost Year C 2008
	Total Cons.	Cons. Per Year						
101	Underground	75,600 total lineal feet	270	90 @	\$3,000 =	\$270,000	\$270,000	\$270,000
102	Overhead	448,800 total lineal feet	1,650	550 @	\$2,050 =	\$1,127,500	\$1,127,500	\$1,127,500
<b>CODE 100 SUBTOTALS =</b>						<b>\$1,397,500</b>	<b>\$1,397,500</b>	<b>\$1,397,500</b>
<b>TOTAL LOAN CODE 100 COSTS =</b>						<b>\$4,192,500</b>		

b. 740c Ref Code 200: New Construction and Tie-Lines						(See Exhibit F for further details)		
RUS Ref. Nos.	Priority Code	Miles	Existing Construction	Proposed Construction	\$/Mile	Cost Year A 2006	Cost Year B 2007	Cost Year C 2008
None								
<b>CODE 200 SUBTOTALS =</b>						<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL LOAN CODE 200 COSTS =</b>						<b>\$0</b>		

c. 740c Ref Code 300: Line Conversions and Changes						(See Exhibit F for further details)		
RUS Ref. Nos.	Priority Code	Miles	Existing Construction	Proposed Construction	\$/Mile	Cost Year A 2006	Cost Year B 2007	Cost Year C 2008
301.09	C	0.80	1ø & 3ø 4 ACSR	3ø 336 ACSR	\$55,000			\$44,000
301.10	C	1.10	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200			\$31,020
301.11	C	1.80	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200			\$50,760
301.12	C	Lot	New Sub	3ø 477 ACSR	\$60,000			\$60,000
302.01	B	3.20	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200		\$90,240	
303.13	B	0.60	69kV T/L	3ø 477 ACSR DC	\$85,000		\$51,000	
303.14	B	1.30	3ø 1/0 ACSR	3ø 336 ACSR	\$55,000		\$71,500	
303.15	B	0.40	3ø 3/0 ACSR	3ø 477 ACSR DC	\$85,000		\$34,000	
303.16	C	0.80	1ø 4 ACSR	2ø 1/0 ACSR	\$22,000			\$17,600
303.17	B	2.00	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200		\$56,400	
304.09	C	1.00	3ø 3/0 ACSR	3ø 336 ACSR DC	\$82,000			\$82,000
304.10	C	2.40	1ø 6 CU	3ø 1/0 ACSR	\$28,200			\$67,680
305.03	C	0.60	3ø 3/0 ACSR DC	3ø 477 ACSR DC	\$85,000			\$51,000
305.04	B	2.50	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200		\$70,500	
305.05	A	1.30	3ø 3/0 ACSR	3ø 477 ACSR	\$69,000	\$89,700		
305.06	A	1.60	69kV T/L	3ø 477 ACSR	\$69,000	\$110,400		
305.07	B	3.70	1ø 6 CU & 1ø 4 ACSR	3ø 1/0 ACSR	\$28,200		\$104,340	
307.02	C	2.70	3ø 4 ACSR	3ø 336 ACSR	\$55,000			\$148,500
308.02	B	2.60	1ø & 2ø 4 ACSR	3ø 1/0 ACSR	\$28,200		\$73,320	
308.03	C	1.80	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200			\$50,760
309.02	C	3.30	1ø 4 ACSR	3ø 1/0 ACSR	\$28,200			\$93,060
311.05	C	1.60	3ø 4 ACSR	3ø 336 ACSR	\$55,000			\$88,000
312.02	A	9.10	1ø 6 CU & 1ø 4 ACSR	3ø 336 ACSR	\$55,000	\$500,500		
313.01	C	0.90	3ø 1/0 ACSR	3ø 336 ACSR	\$55,000			\$49,500
315.00	B	Lot	New Sub	3ø 477 ACSR	\$80,000		\$80,000	
399.00	ABC	33.00	1ø CU	1ø 1/0 & 4 ACSR	\$536,250	\$178,750	\$178,750	\$178,750
<b>CODE 300 SUBTOTALS =</b>						<b>\$879,350</b>	<b>\$810,050</b>	<b>\$1,012,630</b>
<b>TOTAL LOAN CODE 300 COSTS =</b>						<b>\$2,702,030</b>		

2006-2008 CONSTRUCTION WORK PLAN

Cost Estimate Breakdown For Loan Application and Financial Forecast  
(RUS Form 740c Format)

d. 740c Ref Code 400: New Substations, Switching Stations, Metering Points

(See Exhibit G for further details)

RUS Ref. Nos.	Priority Code	Substation	Cost Year A 2006	Cost Year B 2007	Cost Year C 2008
	2007	New Garlin 11.2/14 MVA Substation and Tap			
CODE 400 SUBTOTALS =			\$0	\$0	\$0
TOTAL LOAN CODE 400 COSTS =			\$0		

e. 740c Ref Code 500: Substation, Switching Stations, Metering Point Changes

(See Exhibit G for further details)

RUS Ref. Nos.	Priority Code	Substation	Cost Year A 2006	Cost Year B 2007	Cost Year C 2008
	2006	McKinney Corner Substation Upgrade to 11.2/14 MVA.			
	2007	Install transformer fans at East Campbellsville.			
	2007	New Campbellsville #2 11.2/14 MVA Substation.			
	2008	Install transformer fans at Green River Plaza.			
CODE 500 SUBTOTALS =			\$0	\$0	\$0
TOTAL LOAN CODE 500 COSTS =			\$0		

2006-2008 CONSTRUCTION WORK PLAN

Cost Estimate Breakdown For Loan Application and Financial Forecast  
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f. 740c Ref Code 600: Miscellaneous Distribution Equipment

RUS Ref. Nos.	Miscellaneous Equipment	Total Units	Units per Year	Unit Cost	Costs Year A 2006	Cost Year B 2007	Cost Year C 2008	LOAN TOTAL
<b>Transformers &amp; Meters</b>								
601	<b>Underground</b>							
	Transformers	162	54	\$1,200 =	\$64,800	\$64,800	\$64,800	\$194,400
	Meters	75	25	\$110 =	\$2,750	\$2,750	\$2,750	\$8,250
	<b>Total Underground =</b>				<b>\$67,550</b>	<b>\$67,550</b>	<b>\$67,550</b>	<b>\$202,650</b>
601	<b>Overhead</b>							
	Transformers	1,320	440	\$600 =	\$264,000	\$264,000	\$264,000	\$792,000
	Meters	2,130	710	\$110 =	\$78,100	\$78,100	\$78,100	\$234,300
	<b>Total Overhead =</b>				<b>\$342,100</b>	<b>\$342,100</b>	<b>\$342,100</b>	<b>\$1,026,300</b>
	<b>AMR Meters</b>	24,000	8,000	\$135 =	\$1,083,258	\$1,083,258	\$1,083,259	\$3,249,775
	<b>Total Transformers &amp; Meters =</b>				<b>\$1,492,908</b>	<b>\$1,492,908</b>	<b>\$1,492,909</b>	<b>\$4,478,725</b>
602	Service Wires for Increased Capacity	186	62	\$770 =	\$47,740	\$47,740	\$47,740	\$143,220
603	Sectionalizing Equipment (See Exhibit J for breakdown) †				\$386,508	\$86,508	\$86,509	\$559,525
604	Line Regulators (See Exhibit H for Breakdown)				\$52,000	\$52,000	\$52,000	\$156,000
605	Line Capacitors (See Exhibit I for Breakdown)				\$13,000	\$13,000	\$13,000	\$39,000
606	Pole Replacement	945	315	\$1,250 =	\$393,750	\$393,750	\$393,750	\$1,181,250
	<b>CODE 600 Totals =</b>				<b>\$2,385,906</b>	<b>\$2,085,906</b>	<b>\$2,085,908</b>	<b>\$6,557,720</b>

g. 740c Ref Code 700: Other Distribution

701	Security Lights	792	264	\$400 =	\$105,600	\$105,600	\$105,600	\$316,800
702	SCADA				\$0	\$0	\$0	\$0
705	AMR System and Equipment **				\$290,856	\$290,856	\$290,856	\$872,568
	<b>CODE 700 Totals =</b>				<b>\$396,456</b>	<b>\$396,456</b>	<b>\$396,456</b>	<b>\$1,189,368</b>
	<b>Total Distribution =</b>				<b>\$5,059,212</b>	<b>\$4,689,912</b>	<b>\$4,892,494</b>	<b>\$14,641,618</b>

\*\* AMR meters are included in code 601.

† Tap fusing added systemwide in 2006 (1,000 locations @ \$300 each)

2006-2008 CONSTRUCTION WORK PLAN

Cost Estimate Breakdown For Loan Application and Financial Forecast  
(RUS Form 740c Format)

BREAKDOWN OF COST ESTIMATES FOR FINANCIAL FORECAST

		Costs Year A 2006	Cost Year B 2007	Cost Year C 2008	Totals
<b>NEW CONSTRUCTION (NC)</b>					
100	Line Extensions	\$1,397,500	\$1,397,500	\$1,397,500	\$4,192,500
601	Transformers & Meters	\$409,650	\$409,650	\$409,650	\$1,228,950
701	Security Lights	\$105,600	\$105,600	\$105,600	\$316,800
<b>Total New Construction =</b>		<b>\$1,912,750</b>	<b>\$1,912,750</b>	<b>\$1,912,750</b>	<b>\$5,738,250</b> 39%
<b>SYSTEM IMPROVEMENTS (SI)</b>					
200	New Tie Lines	\$0	\$0	\$0	\$0
300	Line Conversions and Changes	\$879,350	\$810,050	\$1,012,630	\$2,702,030
400	New Substations	\$0	\$0	\$0	\$0
500	Substation Changes	\$0	\$0	\$0	\$0
601	AMR Meters	\$1,083,258	\$1,083,258	\$1,083,259	\$3,249,775
602	Service Wires for Increased Capacity	\$47,740	\$47,740	\$47,740	\$143,220
603	Sectionalizing Equipment	\$386,508	\$86,508	\$86,509	\$559,525
604	Line Regulators	\$52,000	\$52,000	\$52,000	\$156,000
605	Line Capacitors	\$13,000	\$13,000	\$13,000	\$39,000
606	Poles Replacement	\$393,750	\$393,750	\$393,750	\$1,181,250
702	SCADA	\$0	\$0	\$0	\$0
705	AMR System and Equipment	\$290,856	\$290,856	\$290,856	\$872,568
<b>Total System Improvements =</b>		<b>\$3,146,462</b>	<b>\$2,777,162</b>	<b>\$2,979,744</b>	<b>\$8,903,368</b> 61%
<b>Total CWP Costs Subject to Loan Funds =</b>		<b>\$5,059,212</b>	<b>\$4,689,912</b>	<b>\$4,892,494</b>	<b>\$14,641,618</b>

EXHIBIT C

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
P O BOX 100  
CAMPBELLSVILLE, KY 42719

ESTIMATED COST OF OPERATION  
APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY

<u>YEAR</u>	<u>OPERATION AND MAINTENANCE EXPENSE</u>	<u>TOTAL UTILITY PLANT</u>	<u>RATIO OF O &amp; M TO TOTAL PLANT</u>
2005	\$2,477,029	\$51,795,913	4.78
2004	2,559,043	48,961,593	5.23
2003	2,446,710	46,229,764	5.29
2002	2,351,385	44,295,963	5.31
2001	2,233,018	42,176,762	5.29

The future cost of Operation and Maintenance is estimated at a ratio to total plant of 5.0. If total plant increases \$14,641,618 as indicated in the work plan operation and maintenance expense would increase \$732,080.